

Personal & Confidential
8/13/97

MEC Ltd.

1788 Iron Works Road
Lexington, KY 40511
606-299-2870
606-299-7885 FAX

Dr. Tony A. Hancock
President

August 13, 1997

Dr. Dieter Strich and Mr. Ruedi Fuchs
Business Unit Small Arms
SIG Swiss Industrial Company
CH-8212 Neuhausen Rhine Falls
Switzerland

Dear Dieter and Ruedi:

We got your Email today and suggest a conference call on Thursday, August 14 at 5:00 PM your time (11:00 AM our time). If this time is not good for you to call us, please give us an alternate time.

Hermann Kloetzer is carrying only the mechanical part of the engineering prototype. As you recall the electronic component of the engineering prototype will be external and connected to the gun by a wire. You will note on the gun an electrical connector for this purpose. We chose not to send the electrical component with the gun so as to guard against inadvertent damage in transit. We will bring this component with us.

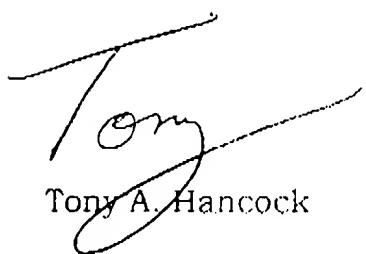
We understand that you are unable to meet with us on Friday, August 22. However, we would like to be able to pick up the gun from you or use your facility to check out the gun and make sure that it was not damaged in transit. After we have done this, we can meet with you at your convenience.

Personal & Confidential
8/13/97

As for shooting the gun, this engineering prototype is unusual in that we have done extensive cosmetic work to create the appearance of a unified frame when in fact the additional piece is held in place by roll pins and screws. This was done for your board presentation. The engineering prototype is fully functional, but we suggest that you not shoot the gun until after the presentation because shooting the gun will likely destroy the cosmetic work. We also suggest that you not disassemble the gun until we arrive.

We can discuss any of this in detail in the telephone call on Thursday.

Sincerely yours,



Tony A. Hancock



Jon

Jonathan D. Buckley